

March 25, 2011

To: Executive Board

Subject: **Authorization for Bus Line Inspections Under Management Contract**

Recommendation

Authorize Veolia Transportation Services, Inc. ("Veolia"), to conduct bus line inspections of 14 North American Bus Industry (NABI) CNG buses in Budapest, Hungary and Anniston, Alabama as well as inspections of nine Proterra electric buses in Greenville, South Carolina, for compensation in the amount of \$29,400 exclusive of expenses.

Analysis

Foothill Transit's last 14 diesel-fueled have reached the end of their useful life and are currently eligible for retirement. A separate recommendation to exercise an available option on Foothill Transit's existing agreement with NABI for the purchase of 14 42-foot CNG coaches to replace these diesel coaches is being presented for the Executive Board's consideration at this meeting. In addition, a recommendation to exercise an available option on nine all-electric Ecoliner coaches for full electrification of Line 291 is being presented for the Board's consideration.

A stipulation of using federal funding is that a comprehensive bus line inspection program be in place for the duration of the manufacturing process. These factory inspections are designed to ensure compliance to the bus specification and place increased attention on manufacturing quality and property-specific equipment installations.

Bus line inspections can be accomplished by using Veolia personnel or securing an independent contractor. On past procurements, Veolia employees, with support from personnel from First Transit, conducted the inspections of 51 buses from Orion Bus Industries, as well as 85 40-foot buses, the 30 60-foot Silver Streaks from NABI, and the most recent 30-bus and 12- bus orders of 42-foot CNG buses from NABI.

The level of inspection service provided by an independent contractor outside of Foothill Transit is often directly proportional to the amount of money the transit agency is willing to invest. Additionally, using an independent contractor would still require some level of Veolia staff oversight. Performing inspections using Veolia in-house staff utilizes inspectors that take ownership of the process and is an excellent tool for further advancement of their maintenance skill sets. The in-house inspections will not only satisfy FTA requirements, but will also contribute to the overall quality of the new Foothill Transit buses.

Executive Board Meeting – 3/25/11
Authorization for Bus Line Inspections Under Management Contract
Page 2

Manufacture of the Foothill Transit buses at NABI in Budapest, Hungary is expected to commence in the spring of 2011, and conclude in Anniston, Alabama in fall 2011.

Section 4.7 of the Management Services Agreement provides that Foothill Transit may at any time authorize Veolia to provide bus line inspection services at a fee to be determined at the time the services are authorized. The recommended authorization amount represents the direct cost to Veolia associated with the scheduled bus line inspections. The per-bus cost of \$1,279 represents the FY 2010 per-bus cost of \$1,241 with the annual contract escalator percent applied. Indirect costs such as lodging, airfare, and per diem will be paid directly by Foothill Transit and are included as part of the FTA bus purchase grant. The cost for travel, lodging, and per diem for the inspectors for the five-month inspection period is estimated to be \$34,500, an average of \$1,500 per bus and are not included in this contract authorization.

Financial Impact

The bus inspection expenditures will be capitalized and will not impact Foothill Transit's total operating budget. Foothill Transit's approved FY11 budget includes funding for the purchase of revenue vehicles. The FTA-required bus line inspection costs are included in the capital bus purchase line item and will be charged to this account. Payments will be made to Veolia in four equal installments of \$7,350 beginning May 1, 2011 for inspection of the two orders of 14 and nine buses from NABI and Proterra, respectively.

Sincerely,



Darold Pieper
Legal Counsel